

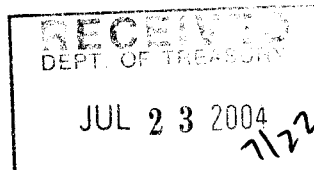
BURDELL TOWNSHIP, OSCEOLA COUNTY

TUSTIN, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Burdell Township	LOCAL AUDIT & FINANCE DIV.	County Osceola
Audit Date 3/31/04	Opinion Date 6/17/04	Date Accountant Report Submitted to State: 7/14/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) BAIRD, COTTER AND BISHOP, P.C.			
Street Address 134 W. HARRIS STREET	City CADILLAC	State MI	ZIP 49601
Accountant Signature		Date	

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

MARCH 31, 2004

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BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 17, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Burdell Township
Osceola County
Tustin, Michigan

We have audited the accompanying general-purpose financial statements of Burdell Township, Osceola County, Tustin, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances and general fixed asset balances of Burdell Township, Osceola County, Tustin, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid and changes in general fixed assets for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 12,789	\$ 0
Taxes Receivable	3,384	10,882
Land	0	0
Land Improvements	0	0
Buildings	0	0
Machinery and Equipment	0	0
Furniture and Fixtures	0	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 16,173	\$ 10,882
	<hr/>	<hr/>
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>		
<u>LIABILITIES</u>		
Payroll Withholdings	\$ 1,601	\$ 0
Deferred Revenue	3,384	10,882
	<hr/>	<hr/>
Total Liabilities	\$ 4,985	\$ 10,882
	<hr/>	<hr/>
<u>EQUITY AND OTHER CREDITS</u>		
Investment in General Fixed Assets	\$ 0	\$ 0
Balance		
Reserved for		
Cemetery Perpetual Care	100	0
Unreserved	11,088	0
	<hr/>	<hr/>
Total Equity and Other Credits	\$ 11,188	\$ 0
	<hr/>	<hr/>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 16,173	\$ 10,882
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
\$ 1,039	\$ 0	\$ 13,828
0	0	14,266
0	22,000	22,000
0	19,704	19,704
0	81,207	81,207
0	18,714	18,714
0	8,835	8,835
<u>\$ 1,039</u>	<u>\$ 150,460</u>	<u>\$ 178,554</u>
 \$ 0	 \$ 0	 \$ 1,601
<u>0</u>	<u>0</u>	<u>14,266</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,867</u>
 \$ 0	 \$ 150,460	 \$ 150,460
0	0	100
<u>1,039</u>	<u>0</u>	<u>12,127</u>
<u>\$ 1,039</u>	<u>\$ 150,460</u>	<u>\$ 162,687</u>
<u>\$ 1,039</u>	<u>\$ 150,460</u>	<u>\$ 178,554</u>

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
<u>RECEIPTS</u>			
Taxes	\$ 34,763	\$ 75,653	\$ 110,416
Licenses and Permits	3,275	0	3,275
State Grants	74,159	0	74,159
Charges for Services	780	0	780
Interest and Rents	333	0	333
Other Receipts	1,794	0	1,794
Total Receipts	\$ 115,104	\$ 75,653	\$ 190,757
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 23,620	\$ 0	\$ 23,620
General Government			
Supervisor	7,605	0	7,605
Election	150	0	150
Assessor	16,403	0	16,403
Clerk	9,613	0	9,613
Board of Review	2,748	0	2,748
Treasurer	17,700	0	17,700
Building and Grounds	6,297	0	6,297
Cemetery	15,032	0	15,032
Public Safety	29,639	51,337	80,976
Public Works	32,642	0	32,642
Recreation and Cultural	0	24,316	24,316
Other Functions	11,737	0	11,737
Total Disbursements	\$ 173,186	\$ 75,653	\$ 248,839
Excess of Receipts Over (Under) Disbursements	\$ (58,082)	\$ 0	\$ (58,082)
<u>BALANCE - Beginning of Year</u>	69,270	0	69,270
<u>BALANCE - End of Year</u>	\$ 11,188	\$ 0	\$ 11,188

The accompanying notes are an integral part of these financial statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 36,150	\$ 34,763	\$ (1,387)
Licenses and Permits	6,000	3,275	(2,725)
State Grants	85,000	74,159	(10,841)
Charges for Services	0	780	780
Interest and Rents	800	333	(467)
Other Receipts	2,900	1,794	(1,106)
Total Receipts	\$ 130,850	\$ 115,104	\$ (15,746)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 20,000	\$ 23,620	\$ (3,620)
General Government			
Supervisor	9,500	7,605	1,895
Election	500	150	350
Assessor	17,000	16,403	597
Clerk	11,500	9,613	1,887
Board of Review	3,000	2,748	252
Treasurer	19,200	17,700	1,500
Building and Grounds	6,775	6,297	478
Cemetery	15,500	15,032	468
Public Safety	30,940	29,639	1,301
Public Works	50,125	32,642	17,483
Recreation and Cultural	0	0	0
Other Functions	12,000	11,737	263
Total Disbursements	\$ 196,040	\$ 173,186	\$ 22,854
Excess of Receipts Over (Under) Disbursements	\$ (65,190)	\$ (58,082)	\$ 7,108
<u>BALANCE - Beginning of Year</u>	70,822	69,270	(1,552)
<u>BALANCE - End of Year</u>	\$ 5,632	\$ 11,188	\$ 5,556

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE FUND TYPES

BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 80,500	\$ 75,653	\$ (4,847)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
\$ 80,500	\$ 75,653	\$ (4,847)
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
55,000	51,337	3,663
0	0	0
25,500	24,316	1,184
0	0	0
\$ 80,500	\$ 75,653	\$ 4,847
\$ 0	\$ 0	\$ 0
0	0	0
\$ 0	\$ 0	\$ 0

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Burdell Township is a general law township located in Osceola County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. The Township, in its investment policy adopted September 8, 1999, authorizes the Township treasurer to invest Township funds in deposit accounts, savings accounts and certificates of deposit.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liability recorded is for unremitted payroll withholdings.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Use of Estimates

This presentation of financial statements in conformity with the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

6. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budgets are adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 11, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

All of the Township's deposits in money market accounts at year-end were covered by Federal Depository Insurance. At year-end, the carrying amount of the Township's deposits was \$13,828 and the bank balance was \$15,242.

The carrying amounts of the Township's deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Lake - Osceola State Bank Tustin, Michigan Money Market Account	\$ 12,789	\$ 1,039

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Fixed Assets

Activity in the general fixed assets account group for the Township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land	\$ 20,315	\$ 1,685	\$ 0	\$ 22,000
Land Improvements	19,704	0	0	19,704
Buildings	81,207	0	0	81,207
Machinery and Equipment	17,880	834	0	18,714
Furniture and Fixtures	8,835	0	0	8,835
	<u>\$ 147,941</u>	<u>\$ 2,519</u>	<u>\$ 0</u>	<u>\$ 150,460</u>

C. Fire Fund

The Fire Fund as reported in these financial statements shows the transactions of the Township Fire Fund as they would have occurred if all fire monies received for current and delinquent taxes were sent to the Fire Fund before being sent to the Tustin Area Fire District. The payments are being sent to the Tustin Area Fire District directly from the Current Tax Collection Fund and from the General Fund due to the substantial savings of time and bookkeeping procedures.

D. Library Fund

The Library Fund as reported in these financial statements shows the transactions of the Township Library Fund as they would have occurred if all Library monies received for current and delinquent taxes were sent to the Library Fund before being sent to the Tustin Community Library. The payments are being sent to the Tustin Community Library directly from the Current Tax Collection Fund and from the General Fund due to substantial savings of time and bookkeeping procedures.

IV. OTHER INFORMATION

A. Property Taxes

The Township levied 3.7324 mills in tax on a taxable value of \$26,660,243 on the 2003 tax roll. The levy was for the following purposes:

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Operating	0.8855
Fire Fund	1.9318
Library Fund	<u>0.9151</u>
	<u>3.7324</u>

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. Taxes are due and payable to the township treasurer on or before February 28. After February 28, the property taxes are payable to the Osceola County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied. The Township's portion of delinquent property taxes receivable is recognized as an asset. The taxes receivable are also recorded as deferred revenue and the tax collections are recorded as cash receipts when collected.

B. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	<u>INTEREST</u>	
	<u>INCOME</u>	<u>EXPENSE</u>
General Fund	\$ <u>108</u>	\$ <u>0</u>

Note - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

C. Cemetery Perpetual Care

The \$100 in the General Fund, reserved for "Cemetery Perpetual Care", is restricted in that the original \$100 which was left to the Township by a deceased resident, may never be spent and the interest earned thereon must be used for cemetery upkeep.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

D. Joint Fire District

The Township is a member of the Tustin Area Fire District. The Fire District is a joint venture of Burdell, Dover and Sherman Townships created to provide fire protection for the member townships. As stated in NOTE IV.A, Burdell Township levies 1.9318 mills to support the Fire District. The following financial information was taken from the Fire District's February 29, 2004 audited financial statements:

Total Assets	\$ 712,661
Investment in Fixed Assets	619,449
Balance - Unreserved	93,212
Total Receipts	110,587
Total Disbursements	61,890
Loan Payment	28,179
Net Increase (Decrease) in Fund Balance	20,518

A copy of these audited financial statements may be obtained upon request from the Fire District treasurer.

E. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

F. Property Tax Administration Fee

The Township passed a resolution to charge 1% administration fee on all ad valorem taxes levied. Also, a late penalty fee of 3% shall be added after February 14th and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the Township Board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenues generated by the administration fee so that a restricted earnings account is not reflected in these statements.

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31,

	<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash			
Money Market Account		\$ 12,789	\$ 70,730
Taxes Receivable		3,384	3,265
		<hr/>	<hr/>
TOTAL ASSETS		\$ 16,173	\$ 73,995
		<hr/>	<hr/>
	<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>			
Payroll Tax Liabilities		\$ 1,601	\$ 1,460
Deferred Revenue		3,384	3,265
		<hr/>	<hr/>
Total Liabilities		\$ 4,985	\$ 4,725
		<hr/>	<hr/>
<u>EQUITY</u>			
Balance			
Reserved - Cemetery Perpetual Care		\$ 100	\$ 100
Unreserved		11,088	69,170
		<hr/>	<hr/>
Total Balance		\$ 11,188	\$ 69,270
		<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY		\$ 16,173	\$ 73,995
		<hr/>	<hr/>

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED MARCH 31, 2003

	2004		2003
	BUDGET	ACTUAL	ACTUAL
<u>RECEIPTS</u>			
Taxes	\$ 36,150	\$ 34,763	\$ 22,913
Licenses and Permits	6,000	3,275	2,189
State Grants	85,000	74,159	79,858
Charges for Services	0	780	390
Interest and Rents	800	333	493
Other Receipts	2,900	1,794	1,682
Total Receipts	\$ 130,850	\$ 115,104	\$ 107,525
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 20,000	\$ 23,620	\$ 19,117
General Government			
Supervisor	9,500	7,605	9,203
Election	500	150	2,097
Assessor	17,000	16,403	13,924
Clerk	11,500	9,613	10,616
Board of Review	3,000	2,748	846
Treasurer	19,200	17,700	10,149
Building and Grounds	6,775	6,297	5,423
Cemetery	15,500	15,032	7,063
Public Safety	30,940	29,639	23,990
Public Works	50,125	32,642	2,849
Other Functions	12,000	11,737	9,145
Total Disbursements	\$ 196,040	\$ 173,186	\$ 114,422
Excess of Receipts Over (Under) Disbursements	\$ (65,190)	\$ 58,082	\$ (6,897)
<u>BALANCE</u> - Beginning of Year	70,822	69,270	76,167
<u>BALANCE</u> - End of Year	\$ 5,632	\$ 11,188	\$ 69,270

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Tax	\$ 20,218
Commercial Forest Reserve	21
Delinquent Property Tax and Interest	4,024
Swamp Tax	43
Property Tax Administration Fee	7,704
Summer Tax Collection	<u>2,753</u>

Total Taxes

\$ 34,763

LICENSES AND PERMITS

Other Licenses and Permits

3,275

STATE GRANTS

State Revenue Sharing
Sales and Use Tax

74,159

CHARGES FOR SERVICES

Sales - Cemetery Lots

780

INTEREST AND RENTS

Interest Earnings
Hall Rental

\$ 108
225

Total Interest and Rents

333

OTHER RECEIPTS

Refunds and Rebates
Miscellaneous

\$ 1,240
554

Total Other Receipts

1,794

TOTAL RECEIPTS

\$ 115,104

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 7,464

Other Services and Charges

Professional Services

6,421

Township Clean Up Day

4,850

Miscellaneous

4,051

Capital Outlay

Equipment

834

Total Legislative

\$ 23,620

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 6,300

Other Services and Charges

Miscellaneous

1,305

Total Supervisor

\$ 7,605

Election

Other Services and Charges

Miscellaneous

150

Assessor

Personal Services

Salaries and Wages

\$ 11,280

Salaries and Wages - Assistant

318

Other Services and Charges

Miscellaneous

4,805

Total Assessor

16,403

Clerk

Personal Services

Salaries and Wages

\$ 6,300

Salaries and Wages - Deputy

1,800

Other Services and Charges

Miscellaneous

1,513

Total Clerk

9,613

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Board of Review			
Personal Services			
Salaries and Wages	\$	2,350	
Other Services and Charges			
Miscellaneous		398	
Total Board of Review			2,748
Treasurer			
Personal Services			
Salaries and Wages	\$	9,052	
Salaries and Wages - Deputy		1,800	
Other Services an Charges			
Miscellaneous		6,848	
Total Treasurer			17,700
Building and Grounds			
Other Services and Charges			
Miscellaneous	\$	4,612	
Capital Outlay			
Land		1,685	
Total Building and Grounds			6,297
Cemetery			
Personal Services			
Salaries and Wages	\$	1,988	
Salaries and Wages - Sexton		720	
Other Services and Charges			
Contracted Services		8,940	
Aid to Other Government		1,250	
Miscellaneous		2,134	
Total Cemetery			15,032
Total General Government			75,548

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC SAFETY

Fire Department

Personal Services

Salaries and Wages

\$ 1,440

Other Services and Charges

Aid to Other Government

1,824

Total Fire Department

\$ 3,264

Planning and Zoning

Personal Services

Salaries and Wages

\$ 12,249

Other Services and Charges

Professional Services

10,361

Miscellaneous

3,765

Total Planning and Zoning

26,375

Total Public Safety

29,639

PUBLIC WORKS

Highways, Streets and Bridges

Other Services and Charges

Contracted Services

\$ 32,500

Street Lighting

Other Services and Charges

Public Utilities

142

Total Public Works

32,642

OTHER FUNCTIONS

Insurance and Bonds

\$ 5,711

Employee Benefits

Medicare and Social Security

4,940

Michigan Unemployment

97

Worker's Compensation

989

Total Other Functions

11,737

TOTAL DISBURSEMENTS

\$ 173,186

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

<u>ASSETS</u>	<u>FIRE FUND</u>	<u>LIBRARY FUND</u>	<u>TOTAL</u>
Taxes Receivable	\$ 7,385	\$ 3,497	\$ 10,882
<u>LIABILITIES AND BALANCE</u>			
<u>LIABILITIES</u>			
Deferred Revenue	\$ 7,385	\$ 3,497	\$ 10,882
<u>BALANCE</u>			
Unreserved	0	0	0
TOTAL LIABILITIES AND BALANCE	\$ 7,385	\$ 3,497	\$ 10,882

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>FIRE FUND</u>	<u>LIBRARY FUND</u>	<u>TOTAL</u>
<u>RECEIPTS</u>			
Taxes	\$ 51,337	\$ 24,316	\$ 75,653
<u>DISBURSEMENTS</u>			
Public Safety			
Fire Department	\$ 51,337	\$ 0	\$ 51,337
Recreation and Cultural			
Library	0	24,316	24,316
Total Disbursements	\$ 51,337	\$ 24,316	\$ 75,653
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ 0	\$ 0
<u>BALANCE</u> - Beginning of Year	0	0	0
<u>BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 0

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

FIRE FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31,

	<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Taxes Receivable		\$ 7,385	\$ 7,123
		<u> </u>	<u> </u>
	<u>LIABILITIES AND BALANCE</u>		
<u>LIABILITIES</u>			
Deferred Revenue		\$ 7,385	\$ 7,123
<u>BALANCE</u>			
Unreserved		<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND BALANCE		\$ 7,385	\$ 7,123

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

FIRE FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED MARCH 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 47,500	\$ 44,112	\$ 42,716
Delinquent Property Taxes Including Interest	7,500	7,217	6,645
Commercial Forest	0	8	8
Total Receipts	\$ 55,000	\$ 51,337	\$ 49,369
<u>DISBURSEMENTS</u>			
Public Safety			
Fire Department			
Aid to Other Government	55,000	51,337	49,369
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ 0	\$ 0
<u>BALANCE</u> - Beginning of Year	0	0	0
<u>BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 0

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

LIBRARY FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Taxes Receivable	\$ 3,497	\$ 3,374
<u>LIABILITIES AND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 3,497	\$ 3,374
<u>BALANCE</u>		
Unreserved	0	0
TOTAL LIABILITIES AND BALANCE	\$ 3,497	\$ 3,374

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

LIBRARY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED MARCH 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 22,000	\$ 20,894	\$ 20,233
Delinquent Property Taxes Including Interest	3,500	3,418	3,147
Commercial Forest	0	4	4
Total Receipts	\$ 25,500	\$ 24,316	\$ 23,384
<u>DISBURSEMENTS</u>			
Recreation and Cultural			
Library			
Aid to Other Government	25,500	24,316	23,384
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ 0	\$ 0
<u>BALANCE</u> - Beginning of Year	0	0	0
<u>BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 0

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

CURRENT TAX COLLECTION FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ <u>1,039</u>	\$ <u>264</u>
<u>EQUITY</u>		
Balance		
Unreserved	\$ <u>1,039</u>	\$ <u>264</u>

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 772,505
Delinquent Tax and Interest	27,942
Commercial Forest	201
Dog Licenses	118
Overcollections from Taxpayers	3,669
Interest Earnings	79
Property Tax Administration Fee	7,704
	<hr/>

Total Receipts

\$ 812,218

DISBURSEMENTS

Payments to State Treasurer		
Commercial Forest		
Payments to County Treasurer	\$ 169	
Operating		
Current Tax	\$ 209,309	
Delinquent Tax	2,742	
State Education Tax		
Current Tax	125,575	
Delinquent Tax	1,756	
Dog Licenses	118	
Payments to Township Treasurer		339,500
General Fund		
Current Tax	\$ 20,218	
Delinquent Tax and Interest	4,024	
Property Tax Administration Fee	7,704	
Commercial Forest	4	
Fire Fund		31,950
Current Tax	\$ 44,112	
Delinquent Tax	7,217	
Commercial Forest	8	
Library Fund		51,337
Current Tax	\$ 20,894	
Delinquent Tax	3,418	
Commercial Forest	4	
		24,316

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

DISBURSEMENTS - Continued

Payments to School Treasurer

Current Tax

\$ 215,372

Delinquent Tax

6,322

Commercial Forest

15

221,709

Payments to Intermediate School Treasurer

Current Tax

\$ 137,025

Delinquent Tax

1,767

Commercial Forest

1

138,793

Refund to Taxpayers for Overcollections

3,669

Total Disbursements

811,443

Excess of Receipts Over

(Under) Disbursements

\$ 775

BALANCE - Beginning of Year

264

BALANCE - End of Year

\$ 1,039

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 20,315	\$ 1,685	\$ 0	\$ 22,000
Land Improvements	19,704	0	0	19,704
Buildings	81,207	0	0	81,207
Machinery and Equipment	17,880	834	0	18,714
Furniture and Fixtures	8,835	0	0	8,835
	<u>\$ 147,941</u>	<u>\$ 2,519</u>	<u>\$ 0</u>	<u>\$ 150,460</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 147,941</u>	<u>\$ 2,519</u>	<u>\$ 0</u>	<u>\$ 150,460</u>

BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County

Operating	\$ 170,988
Commission on Aging	21,157
Road Patrol	25,754
Emergency Medical Service	26,450
State Education Tax	133,299

Township

Operating	23,602
Fire Fund	51,497
Library Fund	24,391

School

Pine River Area Schools	257,351
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Intermediate School

Wexford-Missaukee Intermediate	<u>159,964</u>	\$ 894,453
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TAXES COLLECTED

County

Operating	\$ 146,468
Commission on Aging	18,123
Road Patrol	22,061
Emergency Medical Service	22,657
State Education Tax	125,575

Township

Operating	20,218
Fire Fund	44,112
Library Fund	20,894

School

Pine River Area Schools	215,372
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Intermediate School

Wexford-Missaukee Intermediate	<u>137,025</u>	<u>772,505</u>
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BURDELL TOWNSHIP, OSCEOLA COUNTY
TUSTIN, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES RETURNED DELINQUENT

County			
Operating		\$	24,520
Commission on Aging			3,034
Road Patrol			3,693
Emergency Medical Service			3,793
State Education Tax			7,724
Township			
Operating			3,384
Fire Fund			7,385
Library Fund			3,497
School			
Pine River Area Schools			41,979
Intermediate School			
Wexford-Missaukee Intermediate			
		<u>22,939</u>	\$ <u>121,948</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

June 17, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Burdell Township
Osceola County
Tustin, Michigan

During the course of our audit of the general-purpose financial statements of Burdell Township for the year ended March 31, 2004, we noted the following items:

Budget

The cash disbursements for one activity in the General Fund exceeded the budget. In the future, the budget should be amended before disbursements are made which exceed budgeted amounts.

In planning the budget, the Township currently uses a hybrid method, which makes it difficult to reconcile to the financial statements. We recommend the Township budget entirely by function (i.e., one amount for General Government, one for Public Safety, one for Public Works, etc.) or entirely by activity (i.e., Township Board, Supervisor, Clerk, Treasurer, Street Lighting, Planning, Zoning, Parks, Library, Building and Grounds, Cemetery, etc.).

Payroll Tax Returns

During our audit, we noticed that the March 31, 2004 copy of the Township's 941 appeared to only include wage information for the month of March 2004. However, the Township appears to have made the correct 941 tax deposits for January, February and March 2004 payroll taxes. We recommend the Township investigate this difference and consider amending the March 2004 Form 941 if in fact the copy filed contained errors. We are available to assist if desired.

Property Tax Administration Fee

As reported in NOTE IV.F of the Notes to Financial Statements, the Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

We would like to thank the board for its continued confidence in our firm and to thank the Township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

Baird, Cotter & Bishop P.C.

BAIRD, COTTER AND BISHOP, P. C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

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MICHAEL D. COOL, C.P.A.

June 17, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Burdell Township
Osceola County
Tustin, Michigan

In planning and performing our audit of the general-purpose financial statements of Burdell Township, Osceola County, Tustin, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

Continued

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

Baird, Cotter + Bishop, P.C.

BAIRD, COTTER AND BISHOP, P. C.